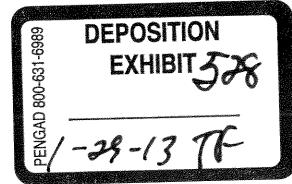
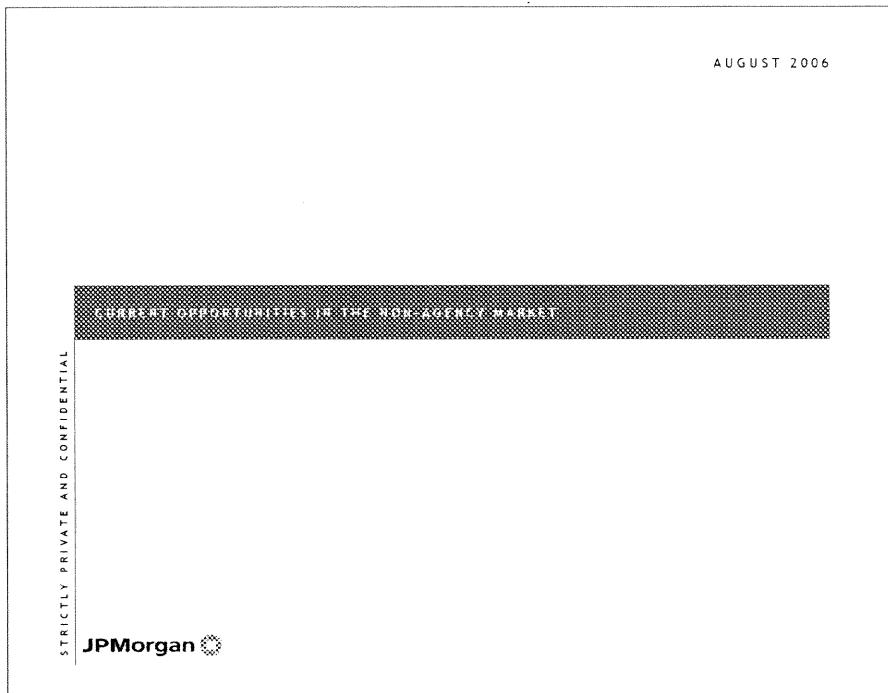


# **EXHIBIT 74**





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CURRENT OPPORTUNITIES IN THE NON-AGENCY MARKET

JPMorgan

[CLIENT NAME] 1

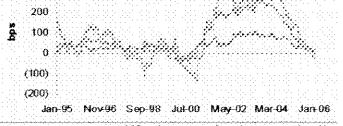
**The economic landscape provides a solid underpinning for growth in 2006. . .**

- US expansion still has a solid foundation
  - Corporate profits and household labor income are rising solidly, providing a foundation for broad-based demand gains
  - Relative to historic norms, borrowing costs are low, credit spreads are narrow and financing is easy to obtain
  - Both corporate and household sectors have taken advantage of an environment of strong incomes and low borrowing rates to obtain
- Reverberations from shocks are expected to lift growth and core inflation at the start of 2006
- The main event: rotations in demand driven by higher borrowing costs, stabilizing energy prices and firmer global demand
- Shift from accommodative to neutral financial conditions expected to rotate demand away from interest sensitive parts of the economy
- Underlying support for growth from US corporate hiring and spending should remain in place, without significant stress on corporate and household balance sheets
- Stable energy prices provide a boost to household purchasing power
- Firm global demand boost US exports
- Core inflation drifts higher as core service price inflation responds to tight labor markets
- The US economy does not appear to be overheating and the forecast does not anticipate a sharp acceleration in core inflation in 2006
- 2% consumer spending growth in 2Q 2006
- Government's estimate of 1Q06 real GDP growth was revised up (less than expected, to 5.3% vs. a consensus forecast of 5.2%.

	JPMorgan forecast				
	1Q06	2Q06	3Q06	4Q06	1Q07
Real GDP (YoY/q, year)	5.3	2.5%	3.0%	3.0%	3.5%
Core CPI (YoY, %)	2.4	3.1	2.7	2.8	2.9
Unemployment rate	4.7	4.6	4.6	4.5	4.5

	JPMorgan estimate				
	Latest	2006	2006	2006	1Q07
Fed funds target	5.00%	4.75%	5.00%	5.00%	5.00%
3-month LIBOR	5.25	5.20	5.40	5.60	5.80
2-year U.S. Treasury	4.94	5.00	5.25	5.60	5.70
10-year U.S. Treasury	5.05	5.15	5.35	5.70	5.80
LIBOR - 2s curve (bp)	0.29	(0.20)	(0.15)	(0.00)	(0.10)
2s - 10s curve (bp)	0.11	0.15	0.10	0.10	0.10

bps

Jan-95 Nov-96 Sep-98 Jul-00 May-02 Mar-04 Jan-06

LIBOR - 10s 2s - 10s 10s - 30s

(100) (200) 0 100 200 300 400

	LIBOR - 10s	2s - 10s	10s - 30s
1995 - 2005 average	106	85	41
2000 - 2005 average	150	127	51

Source: JPMorgan; market data as of January 6, 2006

[CLIENT NAME] 2

**... but prospects for the mortgage industry remain strong**

**MARKET OVERVIEW**

**■ Mortgage debt outstanding should increase by close to 10% in 2006 to almost \$10 trillion (more than double 1999 levels)**

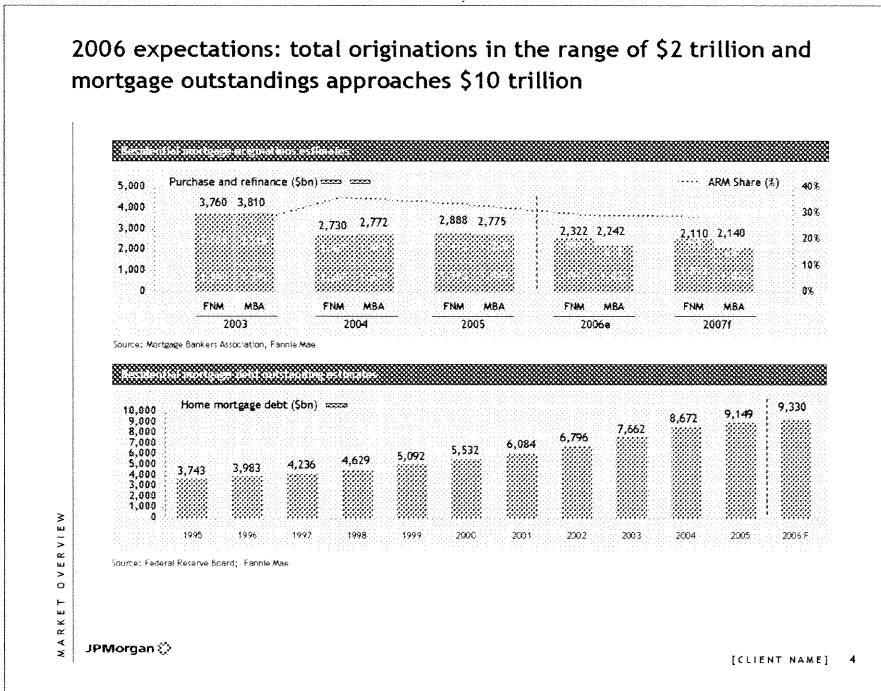
- Strong demographic trends favor continued growth of mortgage debt outstanding in the high single digits for the foreseeable future
- These trends favor strong earnings growth potential for companies that are successful at capturing market share from competitors
- New originations are expected to be in the range of \$2 trillion which, though off of 2003's high of \$3.7 trillion, is still higher than the peak originations before the housing boom (\$1.6 trillion in 1998)
- In addition to home price appreciation, the growth of ARMs as a percentage of mortgages outstanding should help keep originations higher in the future as borrowers seek to prepay / refinance their loans more frequently vis-à-vis fixed rate loans
- The continued growth in outstanding mortgages and a pause in Fed tightening should help net interest margin growth for prime ARM lenders in the second half of 2006
- Credit quality throughout the credit spectrum should remain stable given expectations for unemployment, GDP and disposable income. However, subprime borrowers may come under some pressure as 2003 and 2004 vintage hybrid ARMs begin to reprice
- Prime margins may experience additional pressure as declining volume forces lenders to fight for a market share

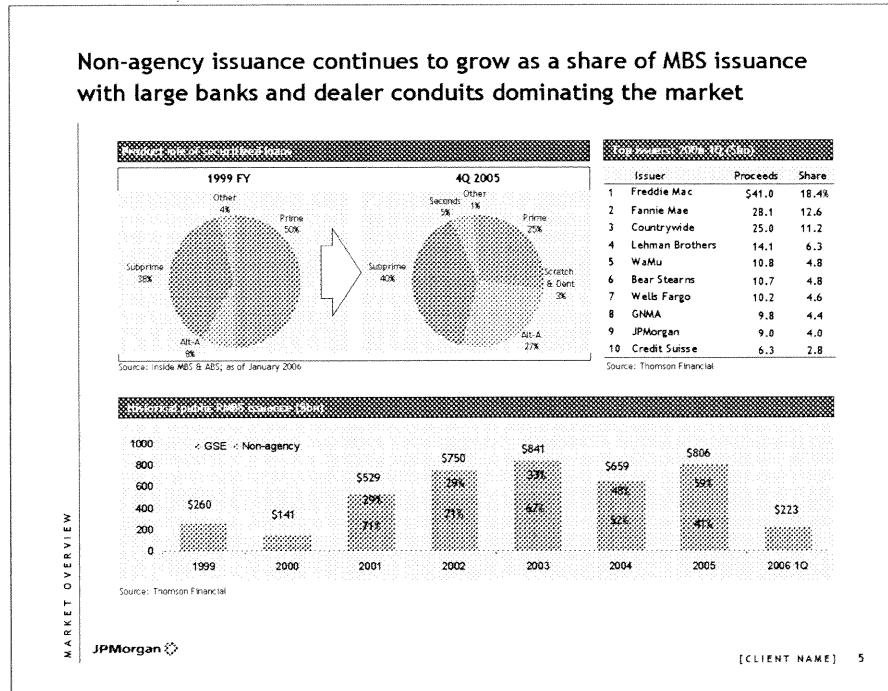
**■ Mortgage CAGR: 13.2%  
Purchase CAGR: 14.2%  
Refinance CAGR: 36.1%**

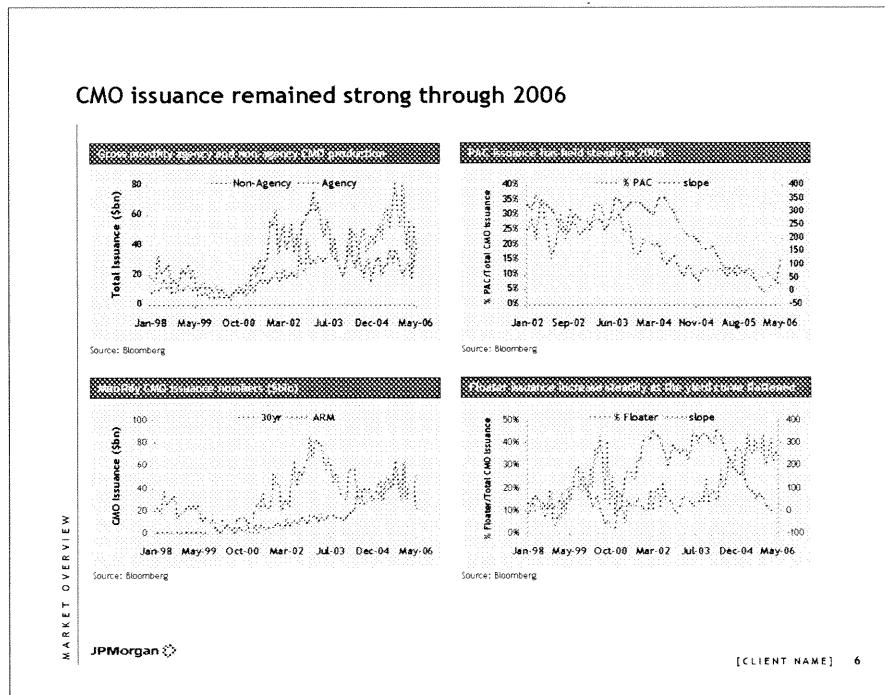
Source: Mortgage Bankers Association, Tradeline, Bloomberg, JPMorgan research  
\* Originations shown per quarter

JPMorgan

[CLIENT NAME] 3





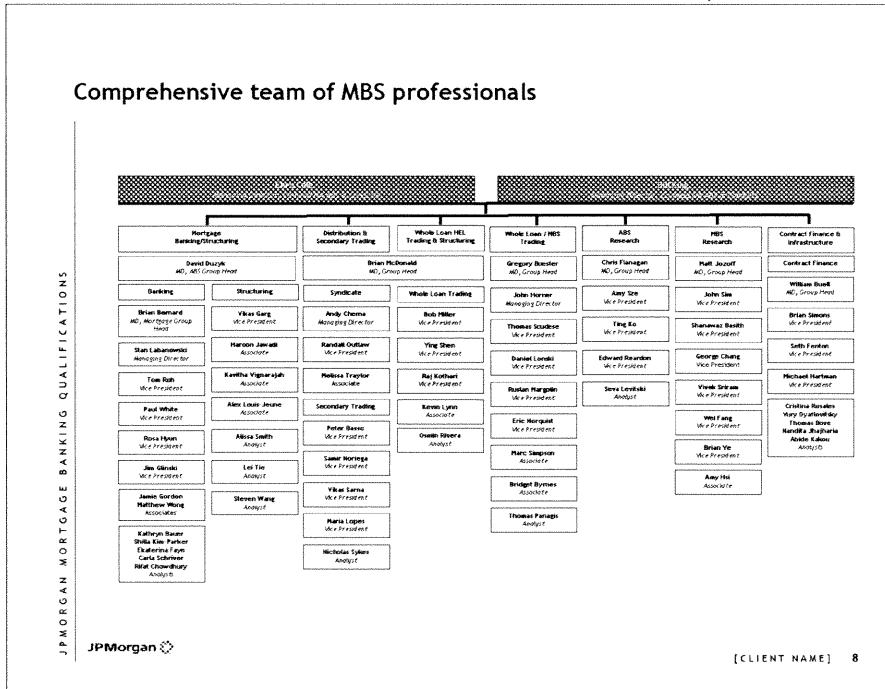


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CURRENT OPPORTUNITIES IN THE NON-AGENCY MARKET

JPMorgan

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**JPMorgan offers a full service platform for mortgage originators**

**Originator Services**

- JPMorgan covers a number of banks, mortgage companies and REITs
- Transaction expertise exists with third party clients and JPMAC, JPALT, CPLEX and JPMWT
- Services include managing term securitizations, advisory work, new originator/issuer securitizations, new product development and valuation of held securities such as residuals

**Trading and Markets**

- The whole loan trading desk purchases prime, Alt-A and subprime paper on a bulk and flow basis
- The desk provides structuring, market and asset expertise to support and facilitate other lines of business across the firm including MBS originations, syndicate, financing, investment banking and various sales and trading groups

**Warehouse Services**

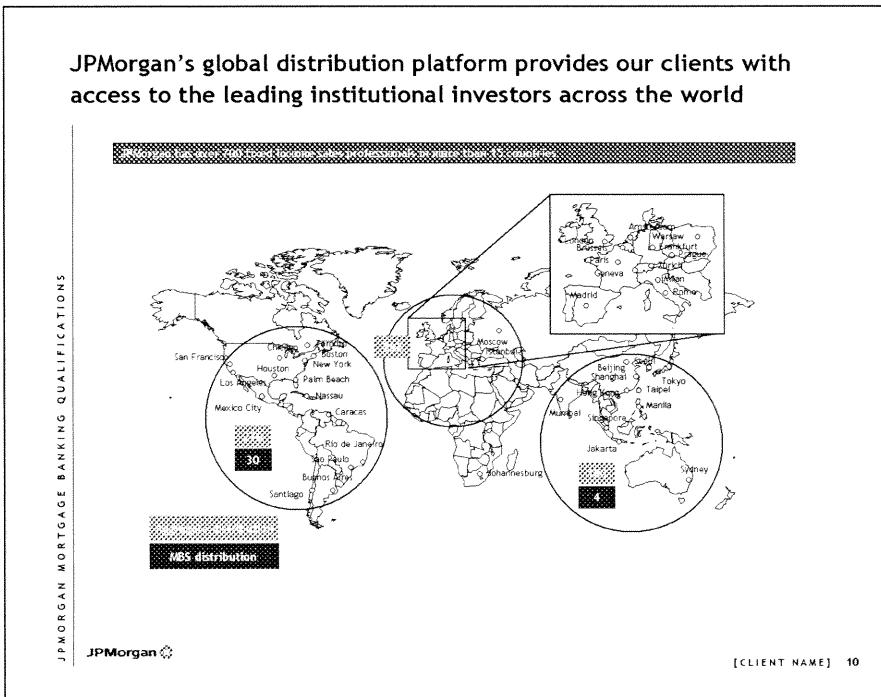
- JPMorgan is a leading provider of warehouse and aggregation facilities for mortgage originators

**Derivatives**

- JPMorgan's derivative practice is consistently recognized as one of the top dealers globally

**JPMorgan**

[CLIENT NAME] 9



JPMorgan is a top underwriter of mortgage-backed securities and home equity ABS									
<b>JPMORGAN MORTGAGE BANKING QUALIFICATIONS</b>									
\$ 1,456,310,000  Ameriquest Securities, Inc. Series 2006-W3 Co-lead Manager March 2006	\$ 737,580,000  Residential Asset Mortgage Products Series 2006-HC2 Co-lead Manager February 2006	\$ 937,292,000  Credit-Based Asset Servicing and Securitization, LLC Series 2006-HC2 Co-lead Manager February 2006	\$ 1,234,156,000  GMAC Series 2006-HE1 Lead Manager February 2006	\$ 384,352,000  Flagstar Home Equity Loan Trust Series 2006-1 Lead Manager April 2006	\$ 1,446,671,000  JPMorgan GMAC Series 2005-OPT1 Lead Manager July 2005				
\$ 840,115,000  Residential Asset Securities Corp., Series 2006-KS1 Co-lead Manager January 2006	\$ 1,124,007,000  Bayview Commercial Asset Trust Series 2006-QA1 Lead Manager June 2006	\$ 469,771,726  Chase ChaseStar Trust Series 2006-1 Sole Manager May 2006	\$ 1,100,267,000  JPMorgan J.P. Morgan Alternative Loan Trust Series 2006-42 Sole Manager April 2006	\$ 1,956,264,000  Ameriquest Securities, Inc. Series 2005-K10 Co-lead Manager November 2005	\$ 1,285,956,000  Residential Asset Securities Corp., Series 2005-KS10 Co-lead Manager October 2005				
\$ 542,165,000  Home Banc Residential Mortgage Trust 2006-1 Lead Manager March 2006	\$ 32,742,679,000  New York Mortgage Trust 2006-1 Lead Manager March 2006	\$ 17,270,50,000  GMAC Home County Loan Trust Series 2006-HE1 Lead Manager March 2006	\$ 549,064,938  Alternative Loan Trust 2006-10B Lead Manager (Sole) March 2006	\$ 1,456,170,000  Ameriquest Securities, Inc. Series 2006-W2 Joint Lead Manager March 2006	\$ 644,771,747  Alternative Loan Trust 2006-10B Lead Manager (Sole) March 2005				
\$ 347,474,000  Ameriquest Residential Mortgage Loan Trust 2006-1 Joint Lead Manager February 2006	\$ 737,080,000  New Series 2006-HC2 Trust Joint Lead Manager February 2006	\$ 817,291,000  Credit-Based Asset Servicing and Securitization, LLC Series 2006-HC2 Lead Manager February 2006	\$ 1,119,795,465  GMAC Series 2006-Q21 Trust Lead Manager (Sole) January 2006	\$ 840,115,000  Flagstar Home Equity Loan Trust 2005-1 Joint Lead Manager January 2006	\$ 640,000,000  Flagstar Home Equity Loan Trust 2005-1 Lead Manager December 2005				
<b>JPMorgan</b>									
[CLIENT NAME] 11									

JPMorgan has significant deal experience in MBS / home equity ABS									
Deal	Role	Amount	Deal	Role	Amount	Deal	Role	Amount	
NYMT 2006-01	Lead	456,640,241	RAU 2006-052	Lead subs	\$881,679,620	RASC 2005-K510	Joint lead	1,000,000,254	
NYMT 2006-01	Lead	277,403,071	QWALT 2006-1	Co-manager	2,919,178,000	APG 2005-W3	Co-manager	395,000,000	
CWALT 2006-12CB	Lead subs	624,731,141	JPWAC 2006-FRE1	Lead	974,944,000	JPWAC 2005-WMC1	Lead	1,393,615,000	
CWALT 2006-07CB	Lead subs	552,857,223	JPWES 2006-R1	Lead	286,000,000	OFIC 2005-502	Lead	744,001,582	
BAYV 2006-8	Co-manager	5405,159,000	RASC 2006-K51	Joint lead	840,115,000	CWALT 2005-55CB	Lead subs	627,999,998	
JPWMT 2006-02	Lead	2,602,212,830	MSAC 2006-WMC1	Co-manager	807,416,416	JPWMT 2005-407	Lead	1,149,527,395	
JPWMT 2006-51	Lead	784,410,328	OFIC 2005-52	Lead	1,075,062,416	JPWMT 2005-4111	Lead	636,527,350	
CWALT 2006-52	Co-manager	1,250,000,000	JPWMT 2005-53	Lead	1,279,182,244	QWALT 2005-405	Co-manager	1,951,505,000	
QWALT 2006-HE1	Lead	1,274,156,000	JPWMT 2005-542	Lead	592,174,351	QWALT 2005-HE3	Co-manager	935,180,000	
JPWAC 2006-FRE1	Lead	31,500,000	CWALT 2005-55CB	Lead subs	1,034,817,364	RAMP 2005-FC4	Joint lead	718,245,000	
NICET 2006-1	Co-manager	1,328,077,000	SAST 2005-4	Co-manager	\$627,840,000	RASC 2005-K59	Lead	500,000,000	
JPWAC 2006-WMC1	Lead	1,143,778,000	JPWAC 2005-OP72	Lead	927,515,000	CWABS 2005-10	Co-manager	726,879,000	
APG 2006-W3	Joint lead	1,456,310,000	FSTAR 2005-1	Lead	600,000,000	CWALT 2005-46CB	Lead subs	1,156,999,999	
MSHEL 2006-2	Co-manager	954,402,000	HMT 2005-05	Co-manager	962,185,000	HMT 2005-04	Co-manager	1,120,598,100	
CWABS 2006-4	Co-manager	631,150,000	JPALT 2005-501	Lead	1,280,220,810	JPWMT 2005-502	Lead	1,317,534,797	
JPWAC 2006-FRE2	Lead	930,686,000	CWALT 2005-55CB	Lead subs	988,551,982	JPWMT 2005-406	Lead	1,464,752,392	
RAU 2006-Q5	Lead subs	881,679,620	OFIC 2005-A01	Lead	1,900,007,729	QWALT 2005-AR12	Joint lead	1,054,246,240	
JPALT 2006-51	Lead	980,784,343	WAMU 2005-4R1	Joint lead	\$924,385,180	RASC 2005-K58	Joint lead	\$1,165,800,000	
JPALT 2006-A1	Lead	867,122,631	CWABS 2005-AB4	Co-manager	1,592,000,000	APG 2005-R7	Joint lead	1,500,000,000	
RAMP 2006-NC2	Joint lead	737,580,000	JPWAC 2005-FRE1	Lead	934,011,000	HFCH 2005-2	Co-manager	1,020,900,000	
AGMT 2006-01	Lead	457,261,000	AMSI 2005-R10	Joint lead	1,556,264,000	JPWMT 2005-405	Lead	1,195,014,922	
JPWAC 2006-HE1	Lead	599,539,000	RAMP 2005-FC6	Joint lead	686,443,000	JPWAC 2005-FL01	Lead	1,016,617,000	
CBAS 2006-CB2	Lead	545,810,000	APG 2005-W4	Co-manager	2,600,000,000	RASC 2005-K57	Lead	387,600,000	
APG 2006-W2	Co-manager	821,095,000	QWALT 2005-5	Co-manager	783,905,000	JPWAC 2005-OF11	Lead	1,446,671,000	
MSAC 2006-HE1	Co-manager	1,167,178,000	HELT 2005-3	Co-manager	775,750,000	QWALT 2005-3	Co-manager	942,941,000	
BAYV 2006-A	Co-manager	768,483,000	CWALT 2005-55CB	Lead subs	826,058,121	CWALT 2005-28CB	Co-manager	841,999,810	
CWABS 2006-2	Co-manager	829,175,000	OFIC 2005-53	Lead	764,521,120	JPWMT 2005-4C4	Lead	440,396,488	
RAU 2006-Q51	Lead subs	323,843,583	JPWMT 2005-408	Lead	1,970,261,094	HELT 2005-1	Co-manager	918,850,000	
JPWMT 2005-A1	Lead	831,289,125	CBAS CB7	Lead	423,019,000	PRSI 2005-WCW2	Co-manager	2,341,201,000	

JPMorgan ◊

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Object titles are not aligning with right edge of table, yet they are sized the same.

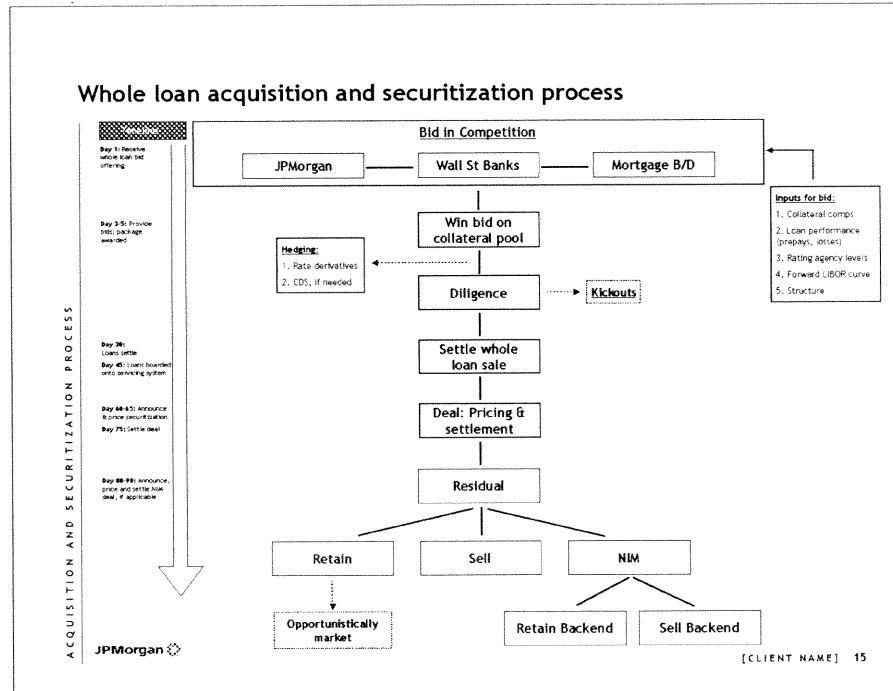
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CURRENT OPPORTUNITIES IN THE NON-AGENCY MARKET

JPMorgan

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Acquisition Strategies		
<ul style="list-style-type: none"> <li>■ Initial focus on acquiring bulk packages from large originators who have a broad relationship with JPMorgan</li> <li>■ JPMorgan has begun acquiring medium size bulk packages, which are combined to create multi-seller securitizations</li> <li>■ Loans are purchased to the seller's underwriting guidelines</li> <li>■ High level guidelines require that all current purchases meet the following criteria:           <ul style="list-style-type: none"> <li>■ FICO greater than 500</li> <li>■ LTV/CLTV less than or equal to 100%</li> <li>■ No predatory or high cost loans</li> </ul> </li> </ul>		
Large bulk packages	Medium bulk packages	Correspondence
<ul style="list-style-type: none"> <li>■ Large bulk packages of \$500MM+ for placement into single name securitizations</li> <li>■ Transparency of information           <ul style="list-style-type: none"> <li>– Historical performance and collateral</li> <li>– Rating agency levels and enhancements</li> <li>– Market color on execution (i.e. spreads, investors, structures, etc)</li> </ul> </li> <li>■ Lower transaction costs</li> <li>■ Convenient and easier transaction execution</li> <li>■ Ability to leverage existing relationships in the IB and CHF</li> <li>■ Lowest securitization margin</li> </ul>	<ul style="list-style-type: none"> <li>■ Medium purchases of \$50 - \$300MM for aggregation into multi-seller securitizations</li> <li>■ Less transparency of performance and market color</li> <li>■ Higher transaction costs</li> <li>■ Wider profit margin</li> <li>■ Existing clients or potential clients</li> </ul>	<ul style="list-style-type: none"> <li>■ Smaller packages and loan level acquisitions represent a future opportunity</li> <li>■ Allows for greater profit margin</li> <li>■ Requires a "slow" infrastructure capable of handling individual loan purchase and sales</li> <li>■ Requires development of JPMAC pricing/UW guidelines</li> <li>■ 100% due diligence on loans</li> <li>■ Partnership with CHF to leverage underwriting/boarding infrastructure required</li> </ul>
JPMorgan		[CLIENT NAME] 14



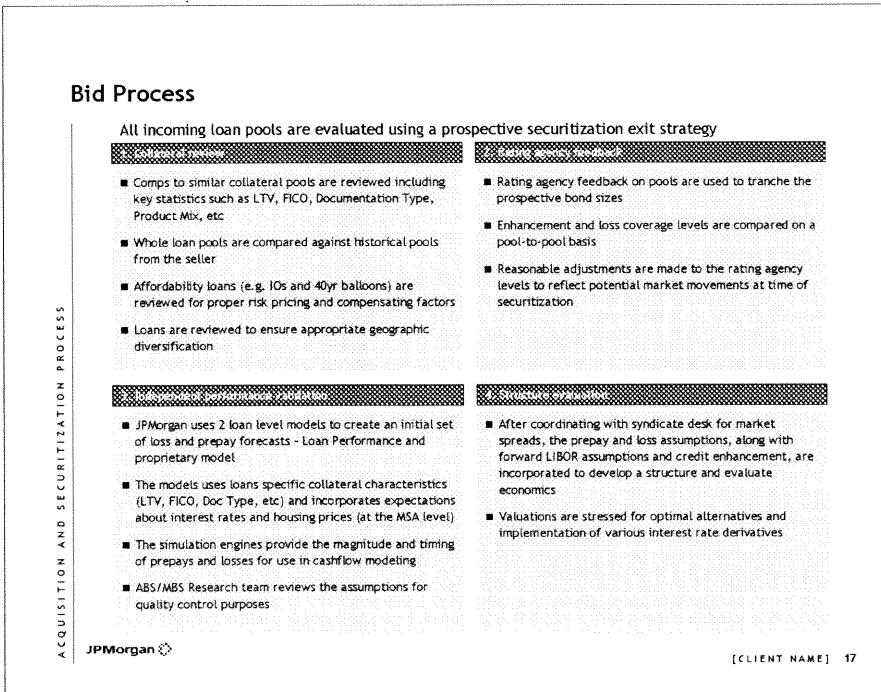
**Counterparty approval**

Counterparty Index	Counterparty Approval
<ul style="list-style-type: none"> <li>■ PHH</li> <li>■ NatCity</li> <li>■ Accredited</li> <li>■ Ameriquest</li> <li>■ Countrywide</li> <li>■ Equifirst</li> <li>■ Fieldstone</li> <li>■ First Franklin</li> <li>■ Fremont</li> <li>■ GMAC RFC</li> <li>■ New Century</li> <li>■ Novastar</li> <li>■ Option One</li> <li>■ Ownit</li> <li>■ ResMAE</li> <li>■ Wells Fargo</li> <li>■ WMC</li> </ul>	<ul style="list-style-type: none"> <li>■ JPMAC will only trade with counterparties that have received approvals from appropriate risk representatives. The approval is based on:           <ul style="list-style-type: none"> <li>■ Existing relationships or sponsorship within the IB or CHF</li> <li>■ Financial condition and reputation of the counterparty</li> <li>■ Servicer rating</li> <li>■ Industry best practices</li> <li>■ Solid underwriting platform and approved guidelines</li> <li>■ Strategic firm-wide opportunities</li> <li>■ A comprehensive loan pool analysis detailing collateral composition and historical performance</li> </ul> </li> <li>■ On initial purchases, Principal Risk Management reviews model assumptions for each counterparty before submitting bids</li> <li>■ On-site due diligence is performed by members of the Transaction Management, Banking and Trading teams (refer to exhibit 1 for detailed due diligence process)</li> </ul>

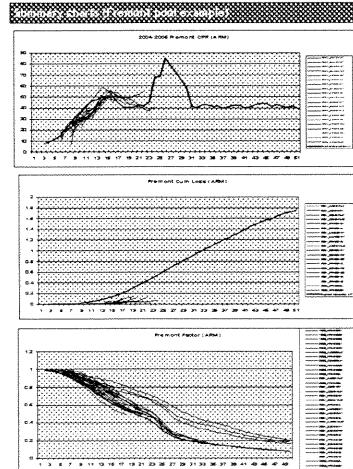
AQUISITION AND SECURITIZATION PROCESS

JPMorgan

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## Risk Models



- The collateral data tape is fed into the Loan Performance Risk model where it is analyzed on a loan level basis for defaults, severities and prepay's
- Variables such as FICO, doc type, CLTV, occupancy and product type are assessed
- The LP Model is used to forecast credit and prepayment risk based on loan level characteristics of the bid pools
  - Prepay and loss curves play a tremendous role in determining the size of the excess cashflow strip
  - The model estimates a distribution of possible future prepay and loss vectors by performing multiple simulations of future interest rates and housing paths
  - Housing prices are simulated using 20 years of historical MSA level home price appreciation data
  - Projected vectors are compared to historical performance
- ABS Trading is developing an issuer-specific proprietary model to enable more robust valuation of loan pools
  - Supported by a large public and internal mortgage database
  - Collaborating with CHF to gather, analyze and assess raw mortgage data

ACQUISITION AND SECURITIZATION PROCESS

JPMorgan 

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## On-going Portfolio Surveillance

Post closing, Transaction Management and Trading Desks perform on-going monitoring of assets - both assets in inventory as well as sold positions

- Monitor inventory for performance and quality
- Monitor securitized assets for prepayment and credit performance at dealer and counterparty level
- Monitor purchase agreement covenants, reps and warranties and take action as appropriate
  - Early payment default
  - Premium recapture
- On-going counterparty contractual performance review
- Third party trust oversight managers
  - Pentalpha Surveillance LLC
  - Clayton Fixed Income Services

ACQUISITION AND SECURITIZATION PROCESS

JPMorgan

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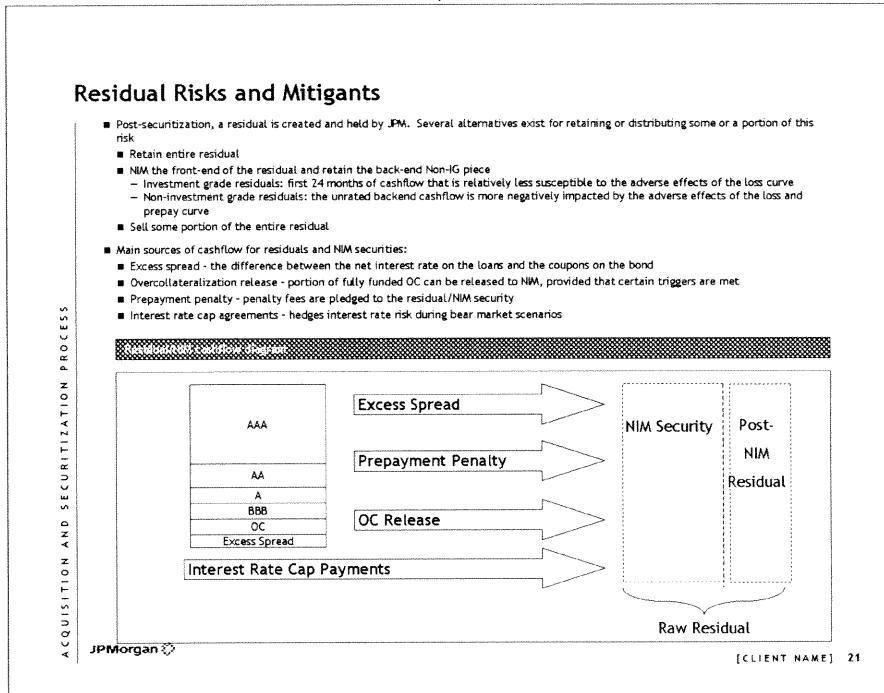
### Pentalpha Surveillance LLC

- Pentalpha Surveillance LLC provides loan-level oversight services for domestic and international structured finance trusts
- Primary product - Pentalpha Recovery and Optimization (PRO services)
  - Review monthly work of loan servicers, insurers, derivative counterparties, fund managers and indenture trustees
  - Ensures compliance of third party agents with their trust obligations
  - Maximizes timely cash flow to trusts
  - Minimizes downgrade risk to bonds
  - Provides collateral and operational benchmark services
- Other services include:
  - Investment management advice
  - Strategic planning advisory
  - Workout services
  - Valuation opinions
  - Model validations
  - Operational consulting
  - Due Diligence servicers
  - Litigation support

ACQUISITION AND SECURITIZATION PROCESS

JPMorgan

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Residual Risks and Mitigants (continued)	
■ Any retained residual is exposed to the following risks:	
Risks	Mitigants
Interest Rate Movement	<ul style="list-style-type: none"> <li>■ BPV analysis: libor stress scenarios on residual value</li> <li>■ Hedge with Eurodollar futures, caps, swaps</li> </ul>
Credit Losses	<ul style="list-style-type: none"> <li>■ Extensive front-end due diligence</li> <li>■ Comprehensive collateral analysis</li> <li>■ Forecasting of credit and prepayment risk on loan level characteristics</li> <li>■ Collateral guidelines (see Warehouse Risk and Mitigants)</li> <li>■ Top rated servicing <ul style="list-style-type: none"> <li>■ CHF on most servicing released bids; exceptions are made for partnerships with upper tier servicing arms</li> <li>■ Only accept retained packages from upper tier servicers</li> </ul> </li> <li>■ Third party surveillance: Pentalpha, Clayton <ul style="list-style-type: none"> <li>■ Loan level servicing oversight</li> <li>■ Loss mitigation review</li> <li>■ Also provide reconciliation on waterfall, embedded derivatives, prepay penalties, etc.</li> </ul> </li> </ul>
Prepayments	<ul style="list-style-type: none"> <li>■ Significant prepay penalty coverage</li> <li>■ Premium recapture on early prepay</li> </ul>
Model Risk	<ul style="list-style-type: none"> <li>■ Monthly/quarterly Residual Review Committee meetings</li> </ul>

ACQUISITION AND SECURITIZATION PROCESS

JPMorgan

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C U R R E N T O P P O R T U N I T I E S I N T H E N O N - A G E N C Y M A R K E T

JPMorgan

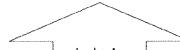
[CLIENT NAME] 23

## Non-Agency Collateral

**Non-Agency** - residential mortgage loans that do not meet (do not conform to<sup>1</sup>) the Government Sponsored Entities' (FNMA, FHLMC, GNMA) Guidelines for Delivery due to one or a combination of the following factors:

- >The **mortgage balance** exceeds the amount permitted by the agency
- >The **borrower characteristics** fail to meet the underwriting standards established by the agency
- >The **loan characteristics** fail to meet the underwriting standards established by the agency
- >The **loan documentation** required by the agency is not complete due to either borrower's inability to provide or lender's decision to waive

Non-Agency collateral is differentiated into Prime (Jumbo-A) and Alternative or (Alt-A):



**Jumbo-A**

- **Term** - Adjustable rate or 15, 30 year fixed rate, fully amortizing or with a variety of interest only periods
- **Balance** - exceeding the agency conforming limit = **non-conforming** or **jumbo** (\$417,000 for single family loans for 2006)
- **Documentation** - Generally full doc
- **Credit** - Excellent credit, average FICO >740
- **LTV** - ~70
- **Property Type** - generally, owner occupied single family homes.
- **Purpose** - typically, purchase or straight rate/term refinance
- **Coupon** - Par, current market rate coupons



**ALT-A**

- **Term** - Adjustable rate or 15, 30 year fixed rated, fully amortizing or with a variety of interest only Periods
- **Balance** - **Conforming** balance or **jumbo**
- **Documentation** - Low or no doc loans (SISA - State Income Stated Assets, NINA - No Income No Assets, Streamline, etc.)
- **Credit** - Lower credit, average ~700 FICO
- **LTV** - higher than Jumbo-A, sometimes >80, Flex 80/20, 100% or 103%, securities pledge program, etc.
- **Property Type** - higher percentages of investor properties, second homes
- **Purpose** - higher frequency of cash out (equity takeout) refinances
- **Coupon** - Greater than Jumbo, increasing with lower FICO, higher LTV, lower documentation statistics

Source: JPMorgan Securities Inc.  
JPMorgan

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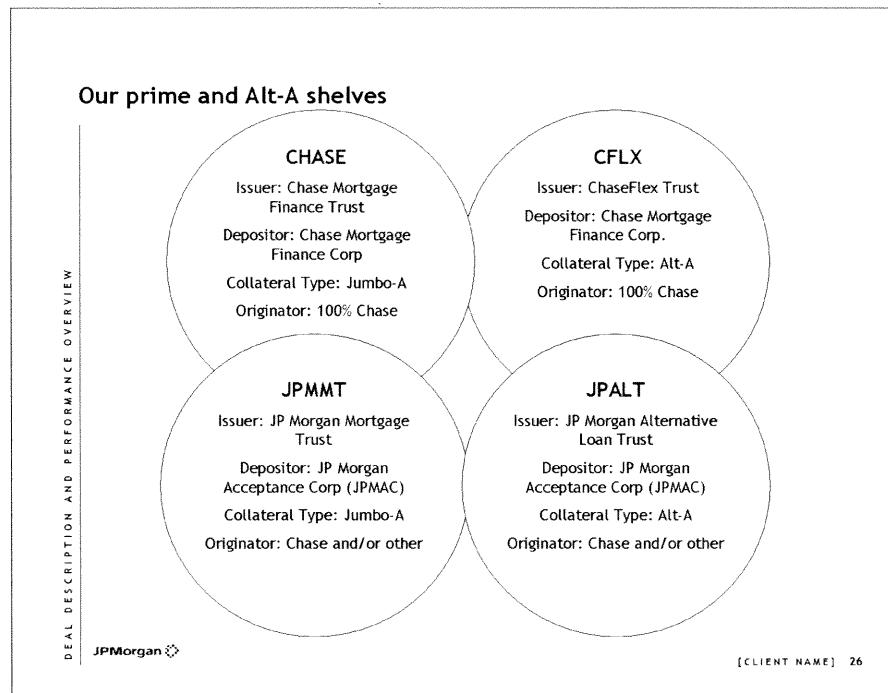
DEAL DESCRIPTION AND PERFORMANCE OVERVIEW

**JPMorgan Securities Non-Agency Business Model**  
**Best Credit & Strong Due Diligence = Top Performance**

- JPMorgan purchases residential loans on a flow and bulk basis from highly-rated, proven originators and programs.
- Primary source of collateral is Chase Home Finance, thru flow and bulk programs.
- Other sellers are proven, highly rated originators. Including: Cendant (PHH), Countrywide, Nat City, Wells Fargo
- Upon acquisition we do additional due diligence, compliance, valuation and other checks, above and beyond the originators' process.
- Depending on the type of product, loans are securitized off different JPMorgan shelves: (JPMMT, JPALT, CFLEX, CHASE, JPMAC)
  - First JPMMT Deal was in 2003. Total program issuance thru Jun 2006 is transactions consisting of ~ \$20bn
    - ARM Issuance is ~ \$20bn
    - Cleanest Jumbo A shelf in the marketplace today. De minimus 90+ delinquent

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DEAL DESCRIPTION AND PERFORMANCE OVERVIEW

## The Alternative-A market

**Market Definition**

- The definition of what constitutes an "Alt-A" loan has changed over the last 5 years. Traditionally, Alt-A borrowers were those that had strong "A" credit but had non-standard needs - typically with respect to documentation. This market was originally constructed for those individuals, usually self employed borrowers, who wanted a quick mortgage decision and were willing to pay a slight premium to avoid income and asset verification. This would be appealing to entrepreneurs, sales people, self employed borrowers, etc who potentially might have a volatile income stream, but who are creditworthy.
- Currently, the concept of Alt-A now includes those borrowers who might have good credit history at an A-level. Furthermore, some types of borrowers may fall into an "Alt-B" category, as credit scores may be as low as 580 and can average around 660.
- It may be difficult to devise conclusive definitions and guidelines for Alt-A collateral, since definitions may vary lender to lender.

**Market Conditions**

- As the housing market continues to slow, near term growth in the Alt-A sector will continue to rise during 2006. As lenders continue to find ways to bolster their pipelines, much of the growth in the Alt-A sector, continues to come from IOs and Option ARMs (Negative amortization loans). In fact, IO originations are expanding to include Fixed Rate IOs. Further origination volume may also come from rolling refis of subprime ARM borrowers who may qualify for Alt-A or Alt-B credit.
- In the second half of 2005, prime loans accounted for 64%, sub-prime loans 21%, Alt-A loans 12%, and government loans 2% of the dollar volume of first mortgage originations. In terms of outstanding loans, the sub-prime and prime share has grown markedly in recent years as the government programs (FHA and VA) have lost significant share. According to MBA's data, at the end of 2005, prime loans accounted for 76%, sub-prime 13%, and FHA and VA the remaining 11% of outstanding loans.

Source: Mortgage Bankers Association  
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Summary collateral - recent shelf deals				
JPALT 2006-03 (aggregate) First Jumbo Prime		JPALT 2006-A2 (CC Group) Alt-A	JPALT 2006-A2 (Defining Interest) Alt-A	JPMAC 2006-WM2 (aggregate) Sub-prime
Deal Close Date	04/31/2006	04/28/2006	04/28/2006	04/28/2006
Collateral Type	Countrywide, Chase, Greenpoint, PHH	Chase, Countrywide, First, PHH, M&T	Chase, Countrywide, PHH, M&T	Chase
Total Balance	\$1,110,367,460	\$196,611,298	\$582,392,339	\$1,274,996,689
Avg Balance	\$303,340	\$391,299	\$350,200	\$194,832
Number of Loans	3,588	1,947	1,643	6,510
WAC	7.42%	6.82%	6.47%	8.27%
FCYO	754	710	708	634
OLTV	75.21%	76.43%	74.55%	82.63%
Term Rev.	354	377	377	337
Months to roll				6.47%
Hybrid Type (Initial Fixed Period)	15 Year (2.5%), 30 Year (5.74%)	2 Year (1.42%), 3 Year (24.11%), 5 Year (64.46%)	5 Year (58.36%), 7 Year (19.07%), 10 Year (22.56%)	
ARM	0.00%	100.00%	100.00%	79.08%
Flood Rate	100.00%	0.00%	0.00%	20.92%
1st Lien	100.00%	100.00%	100.00%	88.88%
Second Lien	0.00%	0.00%	0.00%	11.12%
Full Documentation	14.40%	11.85%	11.32%	30.52%
Purchase	49.42%	69.31%	54.30%	58.44%
Cash Out Refinance	39.32%	23.36%	33.47%	38.95%
Rate/Term Refinance	11.26%	7.22%	12.03%	2.61%
Primary	70.4%	77.42%	68.60%	95.32%
Investment	20.74%	13.9%	7.17%	1.89%
Second / Vacation	8.8%	8.42%	4.23%	7.79%
Single Family	44.78%	57.39%	56.56%	67.75%
POD	16.74%	22.53%	25.52%	34.01%
M&T	0.0%	0.00%	0.00%	0.00%
Interest Only	28.57%	99.36%	88.32%	11.23%
Net Interest Only	65.42%	10.44%	11.67%	88.77%
Top 3 States	CA(24.98%), NY(9.34%), FL(8.61%)	CA(31.25%), FL(11.74%), NY(5.84%)	CA(37.94%), FL(16.96%), MD(5.42%)	CA(41.22%), FL(8.21%), MA(6.57%)

DEAL DESCRIPTION AND PERFORMANCE OVERVIEW

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Subprime vs. Alt-A				
Comparison of Characteristics				
Characteristic	Traditional Alt-A	Traditional Subprime	Expanded Alt-A	
WA FICO	730	600	700*	660
WA LTV	70%	80%	87%	75%
Documentation	Stated Income = 70% No Ratio = 15% NINA = 10% Full Doc = 5%	Full / Alt Doc = 75% Stated Income = 25%	NINA = 40% Stated Income = 35% No Ratio = 15% Full Doc = 10%	Full Doc = 35% Stated Income = 30% NINA = 20% No Ratio = 15%
Owner Occupied	90%	95%	70%	85%
Purpose	Purchase / Rate Term Refi = 75%	Cashout Refi / Debt consolidation with Cashout = 55% Purchase = 35%		
Max OTI range (where applicable)	38% - 45%	50% - 55%	55% - 60%	55% - 60%

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CFLEX Deals, collateral and performance													
TRANSACTION	Original Balance	Current Balance	Original WAC	Change In WAC	Current WAC	WALR	WAM	1m CPR	2m CPR	Life Spread	30 day DQ	60 day DQ	90 day DQ
CFLEX 2005-1 1A1	49,109,259	39,267,529	5.889	0.017	5.872	19	338	8.0	12.1	13.4	1.4	0.0	0.0
CFLEX 2005-1 1A2	49,109,259	39,267,529	5.889	0.017	5.872	19	338	8.0	12.1	13.4	1.4	0.0	0.0
CFLEX 2005-1 1A3	49,109,259	39,267,529	5.889	0.017	5.872	19	338	8.0	12.1	13.4	1.4	0.0	0.0
CFLEX 2005-1 1A4	141,596,223	102,722,022	6.309	0.030	6.299	19	337	18.6	25.4	20.0	3.0	0.5	0.1
CFLEX 2005-1 1A5	99,729,429	61,803,596	6.671	0.025	6.646	19	337	26.4	29.4	27.7	3.8	1.0	0.7
CFLEX 2005-1 1A6	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A7	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A8	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A9	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A10	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A11	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A12	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A13	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A14	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A15	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A16	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A17	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A18	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A19	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A20	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A21	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A22	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A23	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A24	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A25	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A26	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A27	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A28	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A29	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A30	77,103,551	56,812,395	6.264	0.063	6.204	19	338	9.4	11.7	18.2	2.0	0.0	0.4
CFLEX 2005-1 1A31	82,146,545	66,087,590	6.259	0.010	6.249	19	338	19.7	13.1	14.2	1.1	0.3	0.2
CFLEX 2005-1 1A32	103,221,774	6.311	0.011	6.303	16	340	21.1	22.9	23.0	2.7	0.5	0.1	
CFLEX 2005-1 1A33	107,044,063	69,745,564	6.442	0.015	6.647	16	336	26.1	29.3	29.9	2.6	0.6	0.2
CFLEX 2005-1 1A34	111,386,419	8,263,364	6.566	0.032	6.537	15	341	16.9	19.4	23.2	0.4	0.0	0.0
CFLEX 2005-1 1A35	114,086,473	79,204,779	6.369	0.039	6,390	16	341	29.4	26.3	25.9	1.3	0.0	0.0
CFLEX 2005-1 1A36	114,086,473	79,204,779	6.369	0.039	6,390	16	341	29.4	26.3	25.9	1.3	0.0	0.0
CFLEX 2005-1 1A37	114,086,473	79,204,779	6.369	0.039	6,390	16	341	29.4	26.3	25.9	1.3	0.0	0.0
CFLEX 2005-1 1A38	114,086,473	79,204,779	6.369	0.039	6,390	16	341	29.4	26.3	25.9	1.3	0.0	0.0
CFLEX 2005-1 1A39	114,086,473	79,204,779	6.369	0.039	6,390	16	341	29.4	26.3	25.9	1.3	0.0	0.0
CFLEX 2005-1 1A40	114,086,473	79,204,779	6.369	0.039	6,390	16	341	29.4	26.3	25.9	1.3	0.0	0.0
CFLEX 2005-1 1A41	114,086,473	79,204,779	6.369	0.039	6,390	16	341	29.4	26.3	25.9	1.3	0.0	0.0
CFLEX 2005-1 1A42	24,392,666	5,423	0.002	5,421	18	159	27.5	11.1	5.6	1.8	0.0	0.0	0.0
CFLEX 2005-1 1A43	54,649,312	46,836,621	5.738	0.004	5,731	18	158	54.4	9.3	8.0	2.1	0.4	0.0
CFLEX 2005-1 1A44	26,712,548	16,915,190	6.150	0.009	6,141	18	160	36.9	16.4	12.0	1.6	0.3	0.0
CFLEX 2005-1 1A45	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A46	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A47	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A48	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A49	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A50	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A51	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A52	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A53	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A54	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A55	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A56	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A57	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A58	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A59	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A60	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A61	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A62	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A63	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A64	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A65	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A66	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A67	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A68	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A69	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A70	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A71	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A72	111,144,008	9,100,747	5,907	0.010	5,897	16	340	9.9	7.7	10.3	1.0	0.3	0.0
CFLEX 2005-1 1A73	111,144,008	9,10											

Alt-A													[Need to Update]			
Deals, collateral and performance																
TRANSACTION	Original	Current	Original	Change in	Current	VAL	WAM	TM_CDR	3e_CDR	Life_Span	30 day DO	60 day DO	90 day DO			
CFX 205-1-141	45.108.219	39.247.329	5.889	0.017	5.872	19	338	5.0	12.1	13.4	1.4	0.0	0.0			
CFX 205-1-142	45.108.219	39.247.329	5.889	0.017	5.872	19	338	5.0	12.1	13.4	1.4	0.0	0.0			
CFX 205-1-143	46.108.219	39.247.329	5.889	0.017	5.872	19	338	5.0	12.1	13.4	1.4	0.0	0.0			
CFX 205-1-144	145.156.223	102.722.022	6.206	0.004	6.299	19	337	18.6	25.4	20.0	3.0	0.5	0.1			
CFX 205-1-145	96.726.409	61.803.599	6.471	0.021	6.446	19	337	26.4	29.4	27.7	3.8	1.0	0.7			
CFX 205-1-146	77.351.551	56.812.395	6.264	0.063	6.204	19	338	8.4	11.7	18.2	2.0	0.0	0.4			
CFX 205-1-147	77.351.551	56.812.395	6.264	0.063	6.204	19	338	8.4	11.7	18.2	2.0	0.0	0.4			
CFX 205-1-148	77.351.551	56.812.395	6.264	0.063	6.204	19	338	8.4	11.7	18.2	2.0	0.0	0.4			
CFX 205-1-149	77.351.551	56.812.395	6.264	0.063	6.204	19	338	8.4	11.7	18.2	2.0	0.0	0.4			
CFX 205-1-150	77.351.551	56.812.395	6.264	0.063	6.204	19	338	8.4	11.7	18.2	2.0	0.0	0.4			
CFX 205-1-151	77.351.551	56.812.395	6.264	0.063	6.204	19	338	8.4	11.7	18.2	2.0	0.0	0.4			
CFX 205-1-152	15.867.251	11.186.930	6.423	0.075	6.548	19	336	3.3	21.3	32.2	1.2	0.0	1.6			
CFX 205-1-153	35.548.945	66.287.039	6.249	0.010	6.249	19	338	19.7	12.1	14.2	1.1	0.3	0.2			
CFX 205-2-141	142.396.028	101.321.774	6.311	0.011	6.300	16	340	21.1	22.9	29.0	2.7	0.5	0.1			
CFX 205-2-142	107.046.063	69.745.564	6.482	0.015	6.447	16	338	26.1	29.3	29.9	2.6	0.6	0.2			
CFX 205-2-143	11.136.619	8.043.364	6.569	0.032	6.537	15	341	16.9	19.4	23.2	3.4	0.0	0.0			
CFX 205-2-144	114.887.471	79.024.779	6.369	0.039	6.338	16	341	26.4	26.3	25.9	1.3	0.0	0.0			
CFX 205-2-145	114.887.471	79.024.779	6.369	0.039	6.338	16	341	26.4	26.3	25.9	1.3	0.0	0.0			
CFX 205-2-146	114.887.471	79.024.779	6.369	0.039	6.338	16	341	26.4	26.3	25.9	1.3	0.0	0.0			
CFX 205-2-147	114.887.471	79.024.779	6.369	0.039	6.338	16	341	26.4	26.3	25.9	1.3	0.0	0.0			
CFX 205-2-148	16.934.875	10.357.450	6.736	0.034	6.702	16	342	41.3	30.3	36.7	1.4	0.0	0.0			
CFX 205-2-149	27.742.283	24.392.666	5.423	0.002	5.421	18	159	27.5	11.1	5.8	1.8	0.0	0.0			
CFX 205-2-150	54.646.312	46.836.421	5.738	0.004	5.715	18	158	14.4	9.3	6.0	2.1	0.4	0.0			
CFX 205-2-151	26.712.548	16.915.590	6.150	0.009	6.141	18	160	38.9	16.4	12.0	1.6	0.3	0.0			
CFX 205-2-152	111.214.008	98.110.747	5.907	0.010	5.897	16	340	9.9	7.7	10.3	1.0	0.3	0.0			
CFX 205-2-153	111.214.008	98.110.747	5.907	0.010	5.897	16	340	9.9	7.7	10.3	1.0	0.3	0.0			
CFX 205-2-154	111.214.008	98.110.747	5.907	0.010	5.897	16	340	9.9	7.7	10.3	1.0	0.3	0.0			
CFX 205-2-155	111.214.008	98.110.747	5.907	0.010	5.897	16	340	9.9	7.7	10.3	1.0	0.3	0.0			
CFX 205-2-156	111.214.008	98.110.747	5.907	0.010	5.897	16	340	9.9	7.7	10.3	1.0	0.3	0.0			
CFX 205-2-157	111.214.008	98.110.747	5.907	0.010	5.897	16	340	9.9	7.7	10.3	1.0	0.3	0.0			
CFX 205-2-158	111.214.008	98.110.747	5.907	0.010	5.897	16	340	9.9	7.7	10.3	1.0	0.3	0.0			
DEAL DESCRIPTION AND PERFORMANCE OVERVIEW																
JPMorgan																
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CURRENT OPPORTUNITIES IN THE NON-AGENCY MARKET

JPMorgan

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Relative Value						
		Non-Agency				
		15 CPB 20 CPB 25 CPB 35 CPB				
Non-Agency Hybrids still the cheapest asset in its space	JPMMT 06-A4 5A1 3/1	Yield	5.75	5.75	5.75	5.75
		Spread (N)	20	20	20	21
		Spread (I)	66	65	65	63
		WAL	2.20	2.04	1.89	1.60
JPMMT 06-A4 1A1 5/1	JPMMT 06-A4 2A1 7/1	Yield	5.91	5.91	5.90	5.89
		Spread (N)	36	37	36	34
		Spread (I)	65	64	62	79
		WAL	3.30	2.91	2.57	2.00
JPMMT 06-A4 3A1 10/1	JPMMT 06-A4 3A1 10/1	Yield	6.21	6.24	6.27	6.34
		Spread (N)	66	70	73	60
		Spread (I)	116	119	121	125
		WAL	4.73	3.98	3.20	2.24
Agency 5/1		15 CPB 20 CPB 25 CPB 35 CPB				
5/1	Front SEQ, 15 Year Agency CMO	Yield	5.64	5.62	5.62	5.57
		Spread (N)	11	10	7	2
		Spread (I)	59	57	65	49
		WAL	3.24	2.68	2.56	2.02
Non-Agency 15 Year PT		110 PSA 140 PSA 183 PSA 480 PSA				
15 Yr	15 Yr	Yield	5.61	5.63	5.66	5.74
		Spread (N)	6	10	11	12
		Spread (I)	60	62	70	60
		WAL	4.64	4.23	3.74	1.91
JPMorgan		75 PSA 100 PSA 250 PSA 300 PSA 350 PSA				
15 Yr	15 Yr	Yield	5.74	5.77	5.91	5.96
		Spread (N)	14	17	34	40
		Spread (I)	70	72	87	91
		WAL	6.60	6.20	4.43	4.01
[CLIENT NAME]						34

## 5/1 Structure

JPMMT 06-A4 1A2 1.4 Yr Sequential			
Speed	15 CPB	20 CPB	25 CPB
Price	99-18+	99-18+	99-18+
Yield	5.88	5.87	5.85
Spread	34	33	32
WAL	2.36	1.80	1.40
Modified Duration	2.09	1.63	1.29
Principal Window	Jul06-Feb11	Jul06-Aug10	Jul06-Sep09

JPMMT 06-A4 1A3 3.75 Yr Sequential			
Speed	15 CPB	20 CPB	25 CPB
Price	99-19	99-19	99-19
Yield	5.95	5.94	5.94
Spread	39	39	40
WAL	4.80	4.46	3.69
Modified Duration	4.08	3.83	3.24
Principal Window	Feb11-Feb11	Aug10-Feb11	Sep09-Jul10

JPMMT 06-A4 1A4 5/1 Last Cashflow			
Speed	15 CPB	20 CPB	25 CPB
Price	100-1	100-1	100-1
Yield	5.84	5.84	5.84
Spread	28	28	28
WAL	4.91	4.88	4.76
Modified Duration	4.16	4.14	4.05
Principal Window	Apr11-May11	Feb11-May11	Jul10-May11

JPMMT 2006-A4 ECONOMICS

JPMorgan

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## 7/1 Structure

JPMMT 06-A4 2A2 1.8 Yr Sequential			
Speed	15 CPB	20 CPB	25 CPB
Price	99.18+	99.18+	99.18+
Yield	5.92	5.92	5.92
Spread	38	37	38
WAL	3.07	2.32	1.81
Modified Duration	2.64	2.05	1.63
Principal Window	Jul06-Mar13	Jul06-May12	Jul06-Jan11

7/1 Last Cashflow			
Speed	15 CPB	20 CPB	25 CPB
Price	99.8+	99.8+	99.8+
Yield	5.97	5.97	5.97
Spread	39	39	40
WAL	6.85	6.72	6.23
Modified Duration	5.50	5.42	5.07
Principal Window	Mar13-May13	May12-May13	Jan11-May13

JPMMT 2006 A4 ECONOMICS

JPMorgan

[CLIENT NAME] 36

## 10/1 Structure

JPMMT 06-A4 3A2 1.35 Yr Sequential			
Speed	15 CPB	20 CPB	25 CPB
Price	99-26	99-26	99-26
Yield	5.97	5.94	5.90
Spread	43	40	37
WAL	2.35	1.73	1.35
Modified Duration	1.25	2.08	1.57
Principal Window	Jul06-Nov11	Jul06-Jun10	Jul06-Jul09

JPMMT 06-A4 3A3 3.5 Yr Sequential			
Speed	15 CPB	20 CPB	25 CPB
Price	99	99	99
Yield	6.20	6.24	6.27
Spread	63	69	74
WAL	5.87	4.51	3.50
Modified Duration	4.61	3.70	2.98
Principal Window	Jul06-Feb16	Jul06-Jun15	Jul06-Jun13

JPMMT 06-A4 3A4 10/1 Last Cashflow			
Speed	15 CPB	20 CPB	25 CPB
Price	99-16	99-16	99-16
Yield	6.09	6.09	6.09
Spread	47	47	48
WAL	9.80	9.67	8.87
Modified Duration	7.22	7.15	6.68
Principal Window	Feb15-May16	Jun15-May16	Jun13-May16

JPMMT 2006-A4 ECONOMICS

JPMorgan Chase &amp; Co.

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## CURRENT OPPORTUNITIES IN THE NON-AGENCY MARKET

JPMorgan 

[CLIENT NAME] 38

### Due Diligence Objectives

To ensure the loans being purchased are compliant with the terms of the trade and all Federal, State, and local laws and regulations, loan level due diligence is performed on every transaction.

The objectives of loan level due diligence are to:

- Confirm the mortgage loans were originated consistent with the specific origination guidelines provided by seller
- Confirm the mortgage loans were originated in compliance with Federal, State and local laws, rules and regulations
- Confirm the mortgage loans were not originated in a fraudulent or predatory manner
- Confirm the property collateral has the value represented in the appraisals at the time of origination
- Confirm the loan data is complete and accurate
- Confirm collateral documents are complete
- Confirm the loan portfolios weighed average characteristics are within acceptable percentage variances (+ or -) specific to each transaction

EXHIBIT 1

JPMorgan Chase

[CLIENT NAME] 39

## Data Review

The Trade Analytics department reviews all bid tape data pre-bid and pre-funding to confirm completeness and accuracy.

The review consists of:

- Required data fields are tested and verified for completeness and reasonableness.
- Key data elements are cross validated to determine accuracy (e.g. term and origination date to maturity date).
- Missing and questionable data is identified, reviewed and resolved with the client or flagged for further review in due diligence.
- 100% of the loan data is reviewed and stratified to confirm adherence to the trade requirements and stipulations.
- Some of the fields that are reviewed are listed below but are not limited to:

➤ Loan Amount	➤Debt to Income
➤Rate	➤Loan Purpose
➤Term	➤Property Type
➤Loan to Value	➤FICO Score

EXHIBIT 1

JPMorgan Chase

[CLIENT NAME] 40

### Credit and Compliance: Sample Selection

Credit and Compliance reviews are performed on a sample of loans. Sample sizes generally range from 20% to 30% but may be as high as 100% for new clients or for transactions comprised of a small number of loans. Samples will contain the following components and characteristics:

- Overall sample size 20-30% in some cases 100%
- Random sample of 10-20% (50% of overall sample size)
- Adverse sample of 10-20% (50% of overall sample size)

➤ Targets individual and combinations of risk characteristics factors:

- Loans identified based on adverse loan characteristics by due diligence coordinator
- Loans identified based on risk grading provided by desk model
- Sample all loans in unlimited assignee liability states
- Sample all loans in states identified with specific predatory lending laws

EXHIBIT

JPMorgan

[CLIENT NAME] 41

### Credit Review

The loan reviews are performed at either the Seller's or the Due Diligence firms facilities. The diligence firms used are widely recognized in the industry for their knowledge, experience, technology, compliance review tools and reporting capabilities. Experienced underwriters are employed to re-underwrite the loans by reviewing the selected sample.

The review consists of but is not limited to:

- Confirming the adherence to specific origination guidelines
- Verification and recalculation of:
  - Income
  - Debt
  - Borrowers debt to income ratios
  - Payment and credit History
  - Loan to value
- Review of the legal documents for completeness and accuracy

EXHIBIT 1

JPMorgan Chase & Co.

[CLIENT NAME] 42

### Compliance Review

The Compliance review is performed at the same time as the credit review. The due diligence firms maintain comprehensive software-based compliance validation tools. Thacher Proffitt & Wood, a preeminent legal firm in the regulatory compliance field, provides updates and information to the diligence firms to ensure their compliance systems are current and comprehensive.

All the following are reviewed and validated:

- Compliance with all federal, state and local laws, rules and regulations is confirmed
- Presence, form and completeness of all required disclosures and notices is confirmed
- Truth in lending disclosure values and finance charges are recalculated and validated
- Right of Rescission notice dates are validated against HUD1 and DOT and signatures and form of notices are validated
- Prepayment penalty terms are verified and validated against federal state and local requirements

EXHIBIT 1

JPMorgan

[CLIENT NAME] 43

## Credit and Compliance Results

The score represents the following:

- Upon completion of the reviews the underwriter gives each loan an event level score of 1, 2 or 3 specifically for credit and another for compliance.
  - 1= Pass/Meets Guidelines
  - 2= Pass/Meet Guidelines with compensating factors
  - 3= Fail/Does not meet guidelines
- All loans scored with an event level score of 2 or 3 are reviewed by the JPMorgan due diligence coordinator for final score determination.
- All loans with a final score in event level 3 are excluded from being purchased.

EXHIBIT 1

JPMorgan

[CLIENT NAME] 44

### Predatory Lending Review

JP Morgan does not purchase:

- Section 32 "HOEPA" Loans
- Federal, state or local high cost loans
- Predatory loans

All loans that it is determined have the above characteristics are excluded from being purchased

EXHIBIT 1

JPMorgan

[CLIENT NAME] 45

## Property Value Analysis

100% of the loans are subjected to a property value analysis. The analysis is multi- staged and is performed by experienced third party residential valuation firms. The analysis process is as follows:

- 1) All loans are run through an AVM waterfall to obtain the highest quality AVM available.
- 2) All Property Valuation analysis that have any of the following results or characteristics undergo a full appraisal review by an experienced certified appraiser.
  - No AVM result available
  - AVM result is higher or lower than appraised value by 15%
  - AVM result has a low or no confidence factor
  - All manufactured housing properties
  - High balance loans and other adversely selected loans
- 3) If after the appraisal review the appraised value still cannot be supported than the BPO is ordered.
- 4) If the BPO value cannot support the appraisal value the loan is then excluded from being purchased.

EXHIBIT 1

JPMorgan Chase

[CLIENT NAME] 46

### Property Value Analysis Results

- 1) AVM Approval
- 2) Approval per additional review
- 3) Unacceptable needs further review
- 4) Unable to complete property review pending appraisal
- 5) Property review dropped from pool.

EXHIBIT 1

JPMorgan Chase

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